

A meeting of the Federal Reserve Board was held in the office of the Governor on Tuesday, September 29, 1925 at 11:30 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. James
Mr. Cunningham
Mr. Noell, Assistant Secretary

The reading of the minutes of the meetings of the Board held on September 23rd and 25th was dispensed with.

The Governor announced that the term of Mr. James as a member of the Executive Committee would expire on September 30th and designated Mr. Cunningham to serve for the quarter ending December 31, 1925.

Memorandum dated September 29th from the Secretary, recommending that the Board designate November 17, 1925, as the date for opening the polls for the election of Class A and B Directors of the Federal Reserve banks and that no change be made in the group classifications which have governed in these elections for the past several years.

Approved.

Letter dated September 25th from the Federal Reserve Agent at Chicago, advising of the receipt of the resignation of Mr. E. L. Harris, as Acting Assistant Federal Reserve Agent and Secretary of the board of directors of the bank, effective some time in October, as soon as he can be released, and advising further that Mr. W. H. White, Assistant Federal Reserve Agent, has been appointed Secretary for the balance of the calendar year.

Noted.

Letter dated September 25th from the Secretary of the Open Market Investment Committee, enclosing copy of the minutes of the meeting of the

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committee held in Washington on September 22nd.

Ordered circulated.

Letter dated September 24th from the Chairman of the Federal Reserve Bank of Kansas City, advising of the election of Mr. Harold Kountze, Chairman of the board of directors of the Colorado National Bank of Denver, as a director of the Denver Branch of the Federal Reserve bank for the unexpired term ending December 31, 1927.

Noted.

Letter dated September 22nd from the Federal Reserve Agent at San Francisco, recommending approval of an application of the Bank of Sausalito, Sausalito, Cal., for a further extension from October 1st to November 15th, 1925 of the time in which it may open the branch at Tiburon-Belvedere, approved by the Board on November 19, 1924.

Upon motion, the extension requested was granted.

Report of Committee on Examinations on letter dated September 22nd from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the Anglo-California Trust Company of San Francisco for permission to establish a branch de novo at 5600 Geary Street, San Francisco; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated September 22nd from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the Bank of Italy for permission to establish a branch de novo at the corner of Hayes and Divisadero Streets,

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San Francisco; the Committee also recommending approval.

Approved.

At this point, Mr. Eddy, Secretary of the Board, entered the meeting and recommended that the salary of Professor O. M. W. Sprague, Special Research Assistant, who has returned to his duties at Harvard University, be made effective, beginning October 1st, at the half-time rate of \$6,000 per annum, originally agreed upon.

Approved.

Letter dated September 24th from Mr. A. B. Trowbridge, Consulting Architect, advising that the architects for the proposed Birmingham branch building have replied to his report on their plans and specifications and have adopted some 80% of the suggestions contained therein, and stating that the local Building Committee can readily adjust the other matters with the architects in such a manner as not to delay actual construction; the Consulting Architect further stating that in view of the fact that most of his suggestions have been adopted it would appear unnecessary for a meeting with the Board of the bank's Building Committee, the local architects and himself before the plans and specifications are approved by the Board.

After discussion, Mr. James moved that the Federal Reserve Bank of Atlanta be advised that the Board will give consideration to the plans and specifications for the proposed building at Birmingham after same have been approved by the bank's Building Committee and its board of directors, and further, that it will be unnecessary for anyone other than the Chairman of the

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Building Committee to come to Washington for consultation regarding the plans when they are submitted.

Carried.

The Governor then presented the matter ordered circulated at the meeting on September 9th, namely, letter dated August 25th from the Federal Reserve Agent at San Francisco on the subject of membership conditions restricting the purchase of interests in other banks; the Federal Reserve Agent stating that the present Sub-section 5, Section 4 of the Board's Regulation H is not enforceable and should be abrogated unless a practical modification can be made.

After discussion, it was voted to refer the subject of Mr. Perrin's letter to the forthcoming Conference of Federal Reserve Agents.

Matter ordered circulated at the meeting on September 9th, namely, letter dated August 25th, from the Federal Reserve Agent at San Francisco on the subject of member bank reserve deposits.

Noted and ordered filed.

Matter ordered circulated at the meeting on September 22nd, namely, letter dated September 18th from the Governor of the Federal Reserve Bank of Richmond, advising of the action of the board of directors of that bank in authorizing the construction of a building to house its Baltimore branch at a cost of \$1,025,000, including architects' fees, resolution approving the expenditure to be introduced at the next session of Congress.

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No action being required by the Board at this time, the above matter was ordered filed.

The Governor then presented copy of a letter addressed to Honorable Reed Smoot, United States Senator from Utah, under date of September 26th, advising of the result of an inquiry made of the Federal Reserve Bank of San Francisco as to the status of the branch bank building project at Salt Lake City; the letter advising that plans and specifications for the building are being prepared but have not yet been submitted to the board of directors of the bank for approval and that following their approval by the directors they will be forwarded to the Board for consideration.

Noted.

At this point, Mr. John R. Mitchell, Federal Reserve Agent at Minneapolis and the Board's General Counsel entered the meeting and discussed with the Board the matter submitted by the Governor of the Federal Reserve Bank of Minneapolis in his letter of September 9th, namely, the question of the eligibility for discount or purchase by a Federal Reserve bank of acceptances drawn by a grain elevator company secured by regular registered terminal warehouse receipts of the elevator company that draws the draft. After Mr. Mitchell had presented certain facts regarding the supervision of the warehouses in question, the Board's Counsel stated that the acceptances in question were not eligible under the present regulations of the Board which require such bills to be secured by a receipt issued by a party independent of the borrower. He stated, however, that if the Board wished to make such acceptances eligible it could be done by amending Sub-Division 3 of Section 10 of Regulation A so as to make it read as follows (the words in capitals being inserted):

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"(3) The storage of readily marketable staples, provided that the bill is secured at the time of acceptance by a warehouse, terminal, or other similar receipt, conveying security title to such staples, issued by a party independent of the customer OR ISSUED BY A TERMINAL GRAIN ELEVATOR COMPANY DULY BONDED AND LICENSED AND REGULARLY INSPECTED BY STATE OR FEDERAL AUTHORITIES WITH WHOM ALL RECEIPTS FOR GRAIN AND ALL TRANSFERS THEREOF MUST BE REGISTERED AND WITHOUT WHOSE CONSENT NO GRAIN CAN BE WITHDRAWN; and provided further that the acceptor remains secured throughout the life of the acceptance. In the event that the goods must be withdrawn from storage prior to the maturity of the acceptance or the retirement of the credit, a trust receipt or other similar document covering the goods may be substituted in lieu of the original document, provided that such substitution is conditioned upon a reasonably prompt liquidation of the credit. In order to insure compliance with this condition it should be required, when the original document is released, either (a) that the proceeds of the goods will be applied within a specified time toward a liquidation of the acceptance credit or (b) that a new document, similar to the original one, will be resubstituted within a specified time."

After full discussion, it was suggested to Mr. Mitchell that the question of the advisability of the proposed amendment be referred by him to the forthcoming Conferences of Governors and Federal Reserve Agents for consideration.

Mr. Mitchell then discussed with the members of the Board the question of the abolition of the Office of the Assistant Federal Reserve Agent at the Helena Branch. He stated that officials of the Federal Reserve bank felt that it would be necessary to carry a stock of \$5,000,000 of issued Federal Reserve notes at the branch, which he thought excessive. He also stated that in view of the fact that the saving, as a result of the abolition of the Office of the Assistant Federal Reserve Agent, would be small there

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was question as to its advisability and requested an expression of the Board's opinion regarding the matter. During the discussion which followed, it was pointed out to Mr. Mitchell that one of the questions to be considered by the forthcoming Conference of Federal Reserve Agents would be the necessity for Assistant Federal Reserve Agents at Branch Federal Reserve banks.

At the conclusion of the discussion, at the request of Mr. Mitchell, the Board voted to redesignate Mr. H. L. Zimmerman as Assistant Federal Reserve Agent at the Helena Branch for the remainder of the calendar year, pending receipt and consideration by the Board of a recommendation from the Federal Reserve Agents' Conference on the subject above referred to.

REPORTS OF STANDING COMMITTEES:

Dated, September 26th, Recommending changes in stock at Federal Reserve
28th, Banks, as set forth in the Auxiliary Minute Book
of this date.

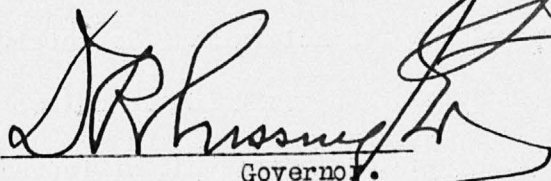
Approved.

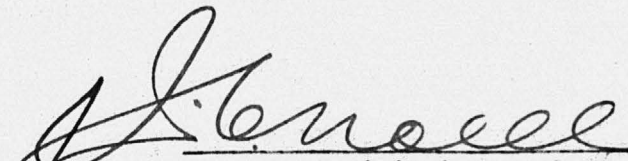
Dated, September 28th, Recommending action on application for admission
of state banks, subject to the conditions stated
in the individual reports attached to the applica-
tions, as set forth in the Auxiliary Minute Book
of this date.

Approved.

The meeting adjourned at 1:15 p.m.

Approved:


Governor.


Assistant Secretary.